

**STATE OF SOUTH CAROLINA  
BEFORE THE PUBLIC SERVICE COMMISSION  
DOCKET NO. 2021-153-S**

IN RE:

Application of Palmetto Wastewater  
Reclamation, Inc. for Adjustment of Rates  
and Charges (Increase) and Terms and  
Conditions of Sewer Service

**SOUTH CAROLINA DEPARTMENT  
OF CONSUMER AFFAIRS THIRD SET  
OF INTERROGATORIES AND  
REQUESTS FOR PRODUCTION TO  
PALMETTO WASTEWATER  
RECLAMATION, INC.**

Pursuant to S.C. Code Ann. Regs. 103-833, the South Carolina Department of Consumer Affairs (the "Department"), by and through its undersigned counsel, hereby submits this Third Set of Interrogatories and Requests for Production to Palmetto Wastewater Reclamation, Inc. ("PWR" or "Company"). Pursuant to South Carolina Rule of Civil Procedure 26(e), and Commission regulations, each request is continuing until the time of the hearing such that the Company must promptly transmit to the Department the requested information as it becomes available.

**INSTRUCTIONS**

1. Responses to these requests should be provided to the undersigned, via email, within twenty (20) days of the date of service.
2. All information should be provided to the undersigned in the format requested and under oath.
3. All responses to the below requests should be labeled using the same numbers as used herein.
4. If the requested information is found in other places or in other exhibits, reference shall not be made to those, but instead, the information should be reproduced and placed in the responses to this request in the appropriate sequence.
5. All documents shall be provided in their native format, e.g., in Word, Excel, or PowerPoint format with all functions, data, and formulas intact.
6. Each request should be reproduced at the beginning of the response thereto.
7. If the response to any Request for Production of Documents is that the information requested is not currently available, please state when the information requested will become available.
8. This request shall be deemed continuing so as to require PWR to supplement or amend its responses as any additional information becomes available up to and through the date of hearing.

9. For any document withheld under a claim of privilege, submit a sworn or certified statement from your counsel or one of your employees in which you identify the document by author, addressee, date, number of pages, and subject matter; specify the nature and basis of the claimed privilege and the paragraph of this demand for documents to which the document is responsive; and identify each person to whom the document or its contents, or any part thereof, has been disclosed.

10. If a refusal to respond to a Request for Production of Documents is based on the grounds that same would be unduly burdensome, identify the number and nature of documents needed to be searched, the location of the documents, and the number of hours and costs required to conduct the search.

11. Answer each request on the basis of the entire knowledge of PWR, including information in the possession of PWR or its consultants, representatives, agents, experts, operating divisions, business divisions, assigns, partners, and attorneys, if any.

12. If any request cannot be answered in full, respond to the extent possible and specify the reasons for PWR's inability to respond.

### **DEFINITIONS**

As used herein, the following terms shall have the meaning and be interpreted as set forth below:

1. "You," "your," and "Company" mean PWR or any of its affiliates, officers, directors, employees, attorneys, or agents.

2. "Application" is defined as the application filed by Palmetto Wastewater Reclamation, Inc. on June 16, 2021 or as otherwise revised.

3. "Company" and "PWR" are defined as Palmetto Wastewater Reclamation, Inc., its parent(s), subsidiaries, affiliates, predecessors, successors, officers, directors, agents, employees, and other persons acting in its behalf.

4. "Workpapers" and "documents" are defined in the broadest terms and should not be construed as limited to the listed examples, or limited only to items that are currently within your control or custody; include each and every original or copy of words or information generated by printing, typing, longhand, electronic recording, or other process, regardless of the form thereof, and include any kind of writing. Such documents include, but are not limited to, published materials, reports, correspondence, emails, records, memoranda, notices, notes, marginal notations, messages, teletype printouts, statements, books, studies, minutes, diagrams, drawings, maps, surveys, plans, charts, graphs, data, computer files, billings, evaluations, photographs, audio tapes, and videotapes. The terms include drafts, revisions or amendments of any of the above, and generally, any kind of tangible, permanent records that are now, or formerly were, in your possession, custody or control, or that were known by you to exist, and that can be located or discovered by reasonably diligent efforts.

5. "Communication(s)" when used in these Requests shall include the transmittal of information by any means, written, oral, electronic or otherwise.

6. When used in referenced to a document, "identify," identity," and "identification" mean to state the type of document (e.g., computer-stored information, microfilm, letter, memorandum, policy circular, minute book, telegram, chart, etc.), or some other means of identifying it, and its present location and custodian. If any such document was, but no longer is, in your possession or subject to your control, state what disposition was made of the document, and if the document was destroyed or disposed of pursuant to a retention policy, please state the retention policy.

### **DOCUMENT AND INFORMATION REQUESTS**

- 3-1 Please provide a corporate history including the dates of original incorporation, subsequent mergers and acquisitions. Indicate all counties, cities and other governmental subdivisions to which service is provided.
- 3-2 Reference page 4, paragraph 13 of the Application. The Company states that since August 31, 2018, it has invested approximately \$2 million in capital improvements. Please provide a breakdown of these capital improvements by plant category and year.
- 3-3 Reference page 4, paragraph 13 of the Application. The Company states that it is proposing to establish a tampering charge not to exceed \$500 that does not require an independent cost justification given that the tampering charge seeks to pass on the actual cost incurred to repair the damage.
  - a. Please provide information showing the number of incidents involving tampering, damage or vandalism for the 2018 through 2021 through the most recent date.
  - b. For each incident in item (a) above, please provide the cost of repair or the extent to which there were any insurance reimbursements. If these incidents are covered by insurance, what is the Company's deductible per incident?
  - c. Please identify any of the incidents that were reported to law enforcement and indicate the result of the law enforcement involvement. If law enforcement was not involved in these incidents, please explain why.
  - d. Please explain whether the tampering charge will be assessed regardless of full cost recovery by insurance.
  - e. Please explain how the \$500 amount was determined, and please clarify whether the tampering charge is meant to be a deterrent, punitive measure or transfer of cost responsibility.
- 3-4 Please provide Exhibit B of the Company's Application in electronic spreadsheet format with the formulae intact.

- 3-5 Reference Exhibit B, Schedule A of the Application. Please provide a breakdown of the Other Deferred Debits (Account No. 186.2). In your response, please explain how those costs are written off the balance sheet and how they affect the income statement.
- 3-6 Reference Exhibit B, Schedule A of the Application. Please provide a breakdown of the Other Deferred Credits, Regulatory Liabilities (Account No. 253). In your response, please explain how those costs are written off the balance sheet and how they affect the income statement.
- 3-7 Reference Exhibit B, Schedule A of the Application. Please provide a breakdown of the Other Deferred Credits, Other Deferred Liabilities (Account No. 255). In your response, please explain how those costs are written off the balance sheet and how they affect the income statement.
- 3-8 Reference Exhibit B, Schedule B of the Application. Please explain the nature of Contractual Services-Management Fees (Account No. 734) and explain why these costs are being removed from O&M expenses.
- 3-9 Regarding Contractual Services-Management Fees (Account No. 734), please explain how these services differ from the cost to operate the utility that is included in Miscellaneous Expenses (Account No. 775).
- 3-10 Regarding the pro forma adjusting entry to add the remaining balance of operator licenses. Please provide the number of licenses maintained for 2018, 2019 and 2020.
- 3-11 Regarding the pro forma adjusting entries presented in Exhibit B, Schedule B, please explain the reason for removing the vehicle and general liability insurances and explain how the Company intends to maintain such protection from liability.
- 3-12 Regarding the insurance premium for the performance bond policy effective 4/8/21,
- a. Please identify the period covered by the insurance premium.
  - b. Please explain, conceptually, how a performance bond works. Explain if the insurance premium is the cost of the performance bond or whether there is a difference between the insurance and the performance bond.
- 3-13 Regarding the adjustment to rate case expenses, please explain how the 2-year period was derived and provide a breakdown of the \$160,000 by the components and service providers.
- 3-14 Regarding the unamortized rate case expense of \$26,667,
- a. Please identify a cite that shows the Commission's authorization of deferral and recovery of these prior rate case costs.
  - b. Please identify the number of remaining years or months for the \$26,667 unamortized rate case expenses.

- 3-15 With reference to the pro forma adjustment to adjust bad debt to 1% of pro forma revenues, please provide the basis and supporting calculation for the 1%.
- 3-16 Regarding the adjustment to allocate overhead and shared costs,
- Please provide the supporting calculation showing the derivation of the regional and local shared costs of \$746,265. Please provide this information in spreadsheet format with the formulae intact, if available.
  - Please provide a breakdown of the \$746,265 by the various categories of costs.
  - Please provide a breakdown of the \$208,774 by the various categories of costs.
  - Please explain why the pro forma level of expenses (\$746,265) is significantly higher than the test year level of expense.
- 3-17 Please provide a copy of the Commission-approved depreciation rates and cite the proceeding in which the rates were approved.
- 3-18 Regarding the depreciation expense pro forma adjustment presented on Exhibit B, Schedule B, please explain why the Company uses the balances for the assets in service as of March 31, 2021 as the basis for calculating depreciation expense instead of the December 31, 2020 (the test year) balances.
- 3-19 Regarding Adjusting Entry 11,
- Please provide the calculation of the book depreciation expense of \$53,864 and \$36,206 as of March 31, 2021, showing the plant balances and the various depreciation rates. Please provide this information in spreadsheet format with the formulae intact, if available.
  - For each of the categories in the depreciation expense presented in Adjusting Entry 11, please provide the calculation of the book depreciation expense as of December 31, 2020, showing the plant balances and the various depreciation rates. Please provide this information in spreadsheet format with the formulae intact, if available.
  - Please provide the basis of allocation and the supporting calculation for the depreciation expenses allocated and charged to the Company. Please provide this information in spreadsheet format with the formulae intact, if available.
- 3-20 Regarding the amortization expense adjusting entry pro forma adjustment presented in Application Exhibit B, Schedule B, please provide the calculation of the CIAC adjustment for the assets as of December 31, 2020.
- 3-21 Please provide the supporting calculation of the PSC Assessment rate of 0.007087931976.
- 3-22 Regarding the pro forma property tax,
- Please provide the supporting basis for the SC Assessment Ratio.
  - Please provide the supporting basis for the 2020-21 millage rate of 515.6.

3-23 Reference Exhibit B, Schedule D of the Application.

- a. Please confirm that the “Cost” amounts are as of December 31, 2020. If not, please indicate the period from which the costs were extracted.
- b. Please provide the supporting schedule for the pro forma depreciation expense that includes the depreciation rates.

3-24 Reference Exhibit B, Schedule E of the Application.

- a. Please explain what “ERC” means.
- b. Please provide the monthly number of customers and ERCs for 2020, 2019 and 2018.
- c. Please provide the supporting calculation showing the derivation of the 12/31/2021 customers and ERCs. Please provide this information in spreadsheet format with the formulae intact, if available.

3-25 Reference Exhibit B, Schedule E of the Application. Please provide the breakdown of Plant in Service and Accumulated Depreciation by function, and by account if available. Provide this information in Excel spreadsheet format.

3-26 Reference Exhibit B, Schedule E of the Application. Provide the supporting workpapers schedule showing derivation of each pro forma adjustment to rate base. Please provide this information in electronic format with the formulae intact.

3-27 Please provide a breakdown of the components of the prepayments included in rate base and provide the monthly balances for the calendar years 2018, 2019 and 2020.

3-28 Please provide the supporting calculation showing the derivation of the cash working capital claim included in rate base.

3-29 Provide the amount of accumulated reserve for uncollectible accounts, the annual accrual for uncollectible accounts, the amounts written off and the revenues subject to uncollectibles for the years 2018, 2019 and 2020.

3-30 Please identify the test year amount for the following expenses and explain how they are reflected in the claimed test year expenses.

- a. Charitable and civic contributions, by recipient and amount.
- b. Social and service organization memberships paid by recipient and amount. Explain the reason for membership in the organizations.

3-31 Please provide the following for the test year and the 2 preceding years:

- a. Miscellaneous general expenses
- b. Outside service expenses
- c. Advertising expenses broken down by type and the purpose of such advertising.

- 3-32 Please provide the following data for the test year and the previous 2 years.
- Actual payroll costs (regular and overtime separately) charged to O&M expenses, capital projects and Other (specify).
  - Date of annual payroll rate increases, the percentage increase (separately for union and non-union), and annual increase reflected in the cost of service.
- 3-33 Please provide a list of employee benefits and the annual costs for 2018, 2019 and 2020 for union and non-union personnel. Identify any specific benefits exclusively for executives and officers.
- 3-34 Please provide the following monthly labor data for the Company for 2018 through the most recent month available.
- Number of actual employees broken down between type (e.g., salaried, union, non-union, temporary, etc.);
  - Regular payroll broken down between expensed, capitalized and other;
  - Overtime payroll broken down between expensed, capitalized and other;
  - Overtime payroll hours broken down between expensed, capitalized and other,
  - Temporary payroll broken down between expensed, capitalized and other.
- 3-35 Please provide a copy of all incentive compensation and/or bonus plans and provide the level of related payments included in cost of service.
- 3-36 Please provide a schedule of Taxes Other than Income Taxes for the test year and the 2 preceding years for the following categories:
- Social security
  - Unemployment
  - P.S.C. assessment
  - Property taxes
  - Any other appropriate categories

*\*\*Signature and Certificate of Service on Following Page\*\**

S.C. DEPARTMENT OF CONSUMER AFFAIRS



Roger Hall, Esq. (Deputy Consumer Advocate)  
Carri Grube Lybarker, Esq. (Consumer Advocate)  
Connor J. Parker, Esq. (Assistant Consumer Advocate)  
P.O. Box 5757  
Columbia, South Carolina 29250-5757  
(803) 734-4200

August 20, 2021  
Columbia, South Carolina

**CERTIFICATE OF SERVICE**

I, Roger Hall, hereby certify that the foregoing document was served by electronic mail on all parties at the addresses listed in the Commission's official service list for Docket 2021-153-S on August 20, 2021.



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